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S E C R E T ROME 005344

SIPDIS

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TAGS: [ECIN](#) [ECON](#) [ECPS](#) [IS](#) [IT](#) [IZ](#) [PGOV](#) [PREL](#) [IRAQI](#) [FREEDOM](#)

SUBJECT: IRAQ RECONSTRUCTION: GOI MAY SWEETEN TELECOM  
ITALIA PLAN AS MADRID DONATION

REF: A. ROME 5010

[1](#)B. ROME 4974

CLASSIFIED BY: ECONOMIC MINISTER-COUNSELOR SCOTT F. KILNER FOR REASONS  
1.5 (B) AND (D)

[1](#)1. (C) SUMMARY: TELECOM ITALIA OFFICIALS, EAGER FOR ANY PROGRESS ON THEIR PROPOSAL TO CONNECT IRAQ TO THE MEDNAUTILUS FIBER OPTIC NETWORK (SEE REF A), TOLD ECONOFF ON NOVEMBER 21 THAT THE GOI IS SO COMMITTED TO THE \$15 MILLION PROJECT THAT IT MAY INCLUDE THE PROPOSAL IN THE 200 MILLION EURO DONATION PACKAGE ANNOUNCED BY FM FRATTINI AT THE OCTOBER MADRID DONORS CONFERENCE. THE ITALIAN MFA IS GATHERING PROJECT PROPOSALS TO DETERMINE WHAT THE PACKAGE WILL INCLUDE, AND MEDNAUTILUS' CHAIRMAN SAID AN ANNOUNCEMENT OF THE RESULTS IS EXPECTED WITHIN THE NEXT TWO TO THREE WEEKS. END SUMMARY.

[1](#)2. (C) ECONOFF'S CONVERSATION WITH MEDNAUTILUS CHAIRMAN FRANCESCO NANOTTI ON NOVEMBER 21 REVEALED THE HIGH STRATEGIC VALUE THE GOI PLACES ON THE TELECOM ITALIA PROPOSAL FOR IRAQ. NANOTTI, WHO HAD PHONED EARLIER IN THE WEEK TO INQUIRE IF EMBASSY HAD RECEIVED ANY WASHINGTON OR BAGHDAD REACTION TO REFTTEL, SAID THAT MFA DIRECTOR OF MEDITERRANEAN AND MIDDLE EASTERN AFFAIRS RICARDO SESSA WAS "VERY LIKELY" TO INCLUDE THE PROPOSAL IN THE LIST OF PROJECTS HE WOULD SUBMIT TO FM FRATTINI FOR A FINAL DECISION POSSIBLY AS EARLY AS THIS WEEK.

[1](#)3. (C) NANOTTI SAID THAT THE GOI SEES THE TI PROJECT AS A HUGE STRATEGIC OPPORTUNITY FOR ITALY, PART OF THE BROADER ITALIAN EFFORT TO ASSUME A LARGER ROLE IN THE IRAQ RECONSTRUCTION EFFORT AND TO RECEIVE GREATER RECOGNITION FOR SAME (REF B). NANOTTI SAID THAT THE GOI IS AWARE OF THE SEISMIC EFFECT THE PROPOSED ISRAEL CABLE ROUTING HAS ON THE IRAQI PSYCHE, BUT HE HOPES THAT BY COVERING THE \$15 MILLION COST OF THE PROJECT, THE GOI WILL "MAKE THEM AN OFFER THEY CAN'T REFUSE," GIVEN THE SIGNIFICANT AND IMMEDIATE IMPACT IT WOULD HAVE ON THE IRAQI TELECOM INFRASTRUCTURE.

[1](#)4. (S) COMMENT: GOI INCLUSION OF THE TI PROPOSAL IN ITS MADRID DONATIONS PACKAGE WOULD CONFIRM WHAT WE ARE HEARING INDIRECTLY ABOUT HOW CONVINCED THE GOI IS OF THE PROJECT'S VALUE. IT WOULD ALSO REINFORCE HOW INTENT THE ITALIANS ARE ON CREATING A LASTING ROLE FOR THEMSELVES IN THE FUTURE OF IRAQ (REF B). IN ESSENCE, ITALY WOULD BE OFFERING TO CONNECT IRAQ TO TI'S GLOBAL FIBER OPTIC NETWORK FREE OF CHARGE. BECAUSE THE ISRAEL ROUTE REMAINS UNCHANGED, HOWEVER, THE PROJECT STILL MAY NOT PASS MUSTER POLITICALLY IN IRAQ. END COMMENT.  
SEMBLER

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